

Tucson Electric Power
E-01933A-07-0402
E-01933A-05-0650

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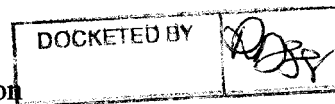
June 14, 2011

The Honorable Gary Pierce, Chair
The Honorable Bob Stump
The Honorable Sandra D. Kennedy
The Honorable Paul Newman
The Honorable Brenda Burns
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

Arizona Corporation Commission

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JUN 15 2011



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RE: Potential Reinstatement of TEP's Historic Line Extension Tariff
Docket Nos. E-0 1933A-07-0402 and E-0 1933A-05-0650; and
Stakeholders of Generic Line Extension Docket Docket No. E-00000J-10-0044

Dear Chairman Pierce and Commissioners:

On behalf of my client, the Southern Arizona Home Builders Association (SAHBA), I would like to provide you with responses to the questions outlined in Chairman Pierce's letter dated June 3, 2011 to Parties to TEP Rate Case, Docket Nos. E-01933A-07-0402 and E-01933A-05-0650, and Stakeholders in Generic Line Extension Docket, Docket No. E-00000J-10-0044. In that regard, SAHBA has been an active participant in the generic proceeding.

Question #1: Would you oppose the reopening of Decision No. 70628 for the narrow purpose of considering a reinstatement of TEP's line extension tariff? If so, what is the basis of your opposition?

Response: We do not oppose the reopening of Decision No. 70628 for the narrow purpose of considering a reinstatement of TEP's line extension tariff. To the contrary, SAHBA strongly supports such reopening for the indicated purpose.

Question #2: Is there an alternative proposal for reinstating TEP's line extension tariff that you would recommend/support? If so, please provide the language of that proposal.

Response: SAHBA supports modifying TEP's line extension tariff in the manner that has been reviewed by the Commission's Staff. SAHBA does not recommend consideration of an alternative proposal.

Question #3: If the Commission reopens Decision No. 70628 in order to consider reinstating TEP's line extension tariff, would you desire an evidentiary hearing to present sworn testimony and/or other evidence regarding the proposed reinstatement? If so, what is the nature of the evidence you want to present?

Response: SAHBA does not desire an evidentiary hearing nor does it believe one is necessary for the narrow purpose of considering a reinstatement of TEP's previous line extension policies and tariff. However, if a majority of the Commission desires to hold such a hearing, SAHBA will be prepared to participate and provide testimony in such a hearing.


In that regard, the reinstatement of TEP's former line extension policies is of significant importance to SAHBA's members, as well as the broader real estate and development industry of Southern Arizona. Changes in TEP's line extension policies made in Decision No. 70628 have resulted in adverse impacts to this industry, presenting a barrier to the economic feasibility of new planned residential development projects throughout southern Arizona. In turn, this has caused the unintended consequences of fewer construction jobs and diminished economic growth.

With respect to Decision No. 70628, SAHBA and its members (i) had no prior notice of the prospect and nature of the impending changes to TEP's previous line extension policies at the time TEP's rate application was filed; (ii) did not intervene in TEP's rate case; (iii) thus did not participate in the negotiations which resulted in the Settlement Agreement approved by the Commission; and, (iv) as a consequence, have been denied due process.

Reopening the Commission's Decision No. 70628 in the limited manner proposed in this instance is in the public interest. In addition to the "changed circumstances" (evident by the adverse impacts to the home building and real estate development industry as referenced above) which have occurred since the issuance of Decision No. 70628, SAHBA believes that the Commission has the constitutional authority under the last proviso of Article 15, Section 3 of the Arizona Constitution, and statutory authority under language of A.R.S. 40-252 to modify Decision No. 70628 in the manner contemplated by your June 3, 2011 letter in the above-referenced dockets.

Thank you in advance for your consideration of SAHBA's concerns and position as outlined in this letter. SAHBA and its members look forward to quick and decisive action by the Commission on this matter. Please let me know if you have any questions.

Sincerely,



Lawrence V. Robertson, Jr.

cc: Southern Arizona Home Builders Association